

To Pauline Butcher
Programme Officer for
the MSDC Plan Examination

1 Old School Court
Lewes Road
Lindfield
West Sussex
RH16 2LD
6 January 2017

Dear Pauline Butcher,

MID SUSSEX DISTRICT PLAN EXAMINATION

I attach two (and final) submissions for the forthcoming Examination Hearings which I ask please that you pass to Mr Bore, together with this note. The submissions are a note for the record of my conversation with DCLG and a supplement to my Paper No 1 submitted to you yesterday. I hope that these two further submissions will help the Examination process to reach a conclusion of the affordable housing need calculation methodology which is currently at an impasse between MSDC and the Forum.

Yours sincerely



(NEIL KERSLAKE)

ps As before, without an e mail facility ,I am asking my friend ,David Hill, to send this note, and the two submissions, to you via his e mail account.

NEW EVIDENCE TO THE MID SUSSEX DISTRICT PLAN EXAMINATION
CONCERNING THE AFFORDABLE HOUSING NEED CALCULATION
METHODOLOGY IN THE NPPG FOLLOWING MY CONVERSATION WITH
THE DCLG

Note for the record of a conversation with the DCLG on 4
January and 5 January 2017

1.I spoke to two senior officers in the DCLG yesterday(5 January) and the day before(4 January) who are responsible for the NPPG to seek clarification of the methodology for calculating the affordable housing figures in the NPPG.

2.I made it plain that I was not seeking an interpretation of the NPPG(as such a request could present DCLG with a difficulty and they might well decline an interpretative request) but that all I was seeking was a clarification of what was meant by a single sentence in paragraph 29 of the NPPG (ID2a-026-2014036).

3.I said that the first sentence of paragraph 29 of the NPPG made it clear,beyond doubt,that the detailed calculation of the total affordable housing need would result in a NET total annual affordable housing figure for each year over a 10 year plan period.I said that not only did this first sentence of paragraph 29 of the NPPG use the word 'Net' twice,but in calculating the total affordable housing need figure,it made it absolutely clear that this total was a 'Net' figure by going onto say"(subtract total available stock from the total gross need)"

4.I explained that the clarification I was seeking related to the second sentence in paragraph 29 of the NPPG which dealt with the question which was, once the net total affordable need figure had been determined(as referred to in paragraph 3 above) what "likely"/planned housing delivery/supply figure would it be compared with in order to determine whether that "likely"/planned housing delivery would be sufficient ,or otherwise, to meet the net total affordable housing need.I said that the answer to this question should be supplied in the second sentence of paragraph 29 of the NPPG which states that "the total affordable housing need(sic a net need figure)should then be considered in the context of its "likely delivery" as a proportion of mixed market and affordable housing development, given the probable percentage of affordable housing to be delivered by market housing led developemnts".

5. I then said that,in my view, the phrase "likely delivery as aproportion of mixed market and affordable housing" must mean a NET figure of such "likely delivery"/or planned housing delivery(i.e NET of committed total available stock/supply).I argued that this must be the case otherwise the net total affordable need(calculated after deducting all of the committed total available stock/supply)would be compared with the GROSS total housing supply figure in the District Plan which would itself contain within that GROSS figure the very same committed total available stock/supply already previously used up in full to calculate the NET total affordable need.This would involve using

,in full, the committed total affordable housing stock/supply twice;once to calculate the NET total affordable housing need figure, and then taking it back(having used it already) and to put it into the the planned housing supply to ensure that it is a GROSS housing supply figure.I asserted that based on any rational and logical thought,as well as basic mathematics,leads to the conclusion that one cannot compare a NET affordable need figure with a GROSS housing supply figure as that would double count the total committed affordable stock/supply figure.I further asserted that the comparitor(implied in the wording of the second sentence of paragraph 29 of the NPPG) must be a NET housing supply figure(NET of the total committed affordable housing stock/supply) and that must be compared with the NET affordable housing need figure.NET compared with NET was the only logical and mathematically sound comparison to make when assessing the "likely delivery" against net affordable need.

6. Both of these senior DCLG officers,who are responsible for the NPPG, agreed that the second sentence of paragraph 29 of the NPPG required planners to calculate the NET "likely delivery of housing"(i.e.net of total committed stock/supply) and it is that NET planned supply figure which must then be compared with the NET total affordable housing supply figure.

7. Mark Plummer,one of the senior DCLG officers, said that this question had never been raised with DCLG since the NPPG was first published.He said that it was an important issue of principle and it was clear that NET figures should be compared with NET figures and this was the correct methodology to use in paragraph 29 of the NPPG.He said that he would be writing to the Planning Inspectorate about this important clarification and that consideration would need to be given as to how to disseminate this clarifictaion nationally such that those making these calculations(mainly professional planners and consultants etc)were aware of the requirements of the calculation.He thought that this process might take a few weeks or so.Meantime, he said that I could make the gist of our telephone conversation made known to the Mid Sussex District Plan Examination and that it would be for those present to express their view, as part of the evidence base on which the Planning Inspector would take a final view.

8.Finally, we discussed the final sentence of paragraph 29 of the NPPG which states that "An increase in the total housing figures included in the local plan should be considered where it could help the required number of affordable homes".He agreed with my view that the words "should consider" were a lesser requirement than if the words 'must' or 'will' 'be increased to supply the calculated affordable housing figure' had been used in the NPPG.He ageeed that this final sentence of the NPPG provided scope for a judgement to be made before taking a view on "consideration " being given to increasing the total housing need to meet the affordable housing requirement.I clearly got no further with DCLG in terms of identifying what factors might be reasonable to apply when "consideration"came into play because this would stray into the area of asking DCLG to interpret the matters which might be taken into account when "consideration" was determined.That said,I have suggested,in my Paper no 1

(submitted to the Examination and dated 5 January 2017) the sort of 'trigger points' at which the consideration issue might apply.

NEIL KERSLAKE
6 January 2017

SUPPLEMENT TO MY PAPER No 1 CONCERNING THE AFFORDABLE HOUSING NEED CALCULATION.

INTRODUCTION

1. This supplement to my Paper no 1 of the affordable housing need calculation in the NPPG, has been prepared to examine MSDC's arguments/defence for adopting its net affordable need compared with the gross total housing supply.

2. Up to and including the 9 December 2016 Examination Hearing, MSDC's only argument/ defence for using their net compared with gross methodology was that 'nobody else that they know of has used the Forum's approach of a net versus net calculation for affordable housing'. I haven't seen any paper of the affordable housing need calculation that MSDC may have submitted for the forthcoming Examination as I am told that there is nothing showing on the web site at the time that I am writing this supplement. Assuming that MSDC do not provide any new arguments but rely on the only argument set out above, then I will explore the validity of that argument and what perhaps underlies it.

VALIDITY OF MSDC'S ARGUMENT 'THAT NOBODY ELSE HAS USED THE FORUM'S METHODOLOGY'

3. In essence, this argument is saying that as MSDC do not know of anyone else using the Forum's methodology for the calculation of affordable need, then by implication all of those that MSDC know of have used the MSDC method but only one - the Forum - have used this different methodology. In other words, by implication, MSDC have the backing of a number of those who have used their methodology whereas the Forum are a lone voice or outlier; ergo the many must be right and the outlier must be wrong.

4. In my view MSDC's argument/defence of their methodology on the basis they have expressed it, is quite simply poor and of low weight. They need to come forward with arguments based on intellectual rigour, rational argument etc if they are to support their affordable housing methodology; if they cannot do this and rely solely on this poor argument then, in my view they have lost the debate.

WHAT ARE THE ORIGINS OF MSDC'S SOLE ARGUMENT/DEFENCE OF ITS AFFORDABLE HOUSING CALCULATION ?

5. In my view the argument that 'every one else agrees with me and those that don't are outliers and can be ignored' has its origins in the 'herd instinct phenomenon'. What happens is that one significant person/organisation expresses a view or a method for doing something and others follow without giving the matter enough thought and the herd grows like topsy until an outlier gives the matter proper thought and analysis of the available data etc and reaches a different conclusion to the herd. In order to defend itself against this outlier's intellectual rigour and different conclusion/worry about the herd's view, the herd then argues/implies that their superior numbers must mean their view is right.

6. In the case of the affordable housing methodology I would hazard a guess that a consultant, acting for a local authority, carried out the first calculation on the basis of how they read the NPPG and didn't think properly and deeply about the logic of what they were doing or the mathematical validity of what they were doing. The next local authority then thought, "well the first one had their methodology accepted at Examination so let's copy them"; and this went on and on until the Forum's combined thinking pointed out the invalidity of the methodology and that is how we came to be where we are today. Moreover, none of these local authorities or consultants even thought to ask the DCLG, who wrote the NPPG, what the right methodology should be and without bothering to even think that it might be prudent to check with the author of the NPPG, the herd instinct was able to perpetuate.

7. There are of course dramatic examples of the herd phenomenon, including the vast majority of economists and experts who believed (and made their views known) from the late 1990's through to the first few years of the 2000's, that the world economy had discovered a new paradigm of low inflation and high growth year on year. Only a very few economists and experts, who thought deeply about this new paradigm argument, began to express concerns about the huge year on year increases in personal borrowing and in Bank and Company borrowing that was happening because of a significant relaxation of credit risk rules around who should be allowed to borrow and how much they should be allowed to borrow; as well as the range of ever increasing complex products put on the investment market on which it was much more difficult to assess the risk of those complex investments. But these outliers' concerns were drowned out, rubbished and ignored by the herd until the world financial crash came in 2007/2008 and the outliers were proved to have been right all along. Other examples of the herd instinct are to be found in foreign currency trading, share trading, the dire predictions of the immediate effect of the UK economy from a Brexit vote, the blatant misuse of statistics produced by the ONS, by some politicians, the media and big business to reach and proclaim flaky/false assertions only to find that an outlier does a bit of digging and analysis and the ONS itself agrees with the outlier, etc.

CONCLUSION

8. In short, my view is that it is very likely that the herd instinct has played its part in MSDC's methodology for the affordable housing calculation but that the Forum's methodology is both convincing and the correct way, as a matter of principle, to carry out the affordable housing calculation in the NPPG.

NEIL KERSLAKE
January 2017